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# Envestnet partners with asset managers to provide alts access in model portfolios

By Rob Burgess
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Envestnet took a major step toward providing advisors and their clients with greater access to alternative investments and private markets on Wednesday. Via partnership with asset managers BlackRock, Fidelity Investments, Franklin Templeton and State Street, professionally managed model portfolios with semi-liquid alternative allocations and alternative ETFs are now available in Envestnet's unified managed account (UMA) platform.

The model portfolios will be available across the client base of Envestnet, Aaron Bauer, head of strategic partnerships for Envestnet, told Financial Planning. The individual broker-dealer and RIA clients will decide which models to make available to their investors, he said. Envestnet serves more than 100,000 advisors.

The industry is increasingly looking for ways to democratize access to private markets while preserving a scaled and seamless workflow, said Dana D'Auria, group president of solutions and co-CIO at Envestnet.

"We believe these models will work well for advisors who are interested in bringing some of the benefits of private markets to their investors in a holistic proposal, trading and reporting framework," she said. "The interest in private markets has increased materially over the last several years in the wealth management space and our industry has responded with product innovation that makes it easier for advisors to provide access to a private market experience that is delivered in a familiar vehicle."

## Enhanced partnerships

"This new offering represents a natural next step as we also continue to scale our custom model portfolio capabilities," said Amanda Robinson, head of wealth advisory managed solutions distribution at Fidelity Investments.

Envestnet's deal with Fidelity and the other asset managers was finalized almost exactly a year ago, in June 2024.

"This news follows on a partnership we launched with these four managers last year to provide increased access to high net worth and personalized solutions for our clients," said Bauer. "Through the course of the year, we have been bringing state-of-the-art direct indexing, high net worth and options strategies to market together. These newest models will feature seamless access to private market instruments within a public-private portfolio context."

Robinson said that the latest offering is available for clients who meet minimum asset commitments to Fidelity's custom models.

Custom model portfolios may include alternative investments that provide exposure to private markets through vehicles such as interval or tender offer funds. These model portfolios are aligned to the commitment of providing advisors access to open-architecture portfolio solutions, said Robinson. Fidelity Institutional Wealth Adviser, which oversees portfolio construction for the custom models, "includes an experienced, specialized alternative investment manager research team."

"The team applies quantitative and qualitative analysis and a rigorous due diligence process to identify managers in which they have high conviction," she said.

**Popularity of alts on the rise**

While traditionally available only to high net worth clients, the popularity of alts has been growing steadily in recent years. Private markets and alternative investments have a beneficial place in client portfolios as long as the investment theses and styles are aligned with specific client needs, said Bob McCarty, vice president and advisor at EP Wealth Advisors in Atlanta.

"I suspect the future for alternative and private investments will continue to grow," he said. "The success of some of the private and alternative investments, as well as expanding needs that these investments serve, will drive the expansion of the quality and quantity of investments available. Additionally, being able to expand the offerings of 'fixed income' and 'equity' offerings into private credit, infrastructure, and venture capital will further support growth as clients look for less correlated options."

For clients who are seeking more than what traditional public markets can offer, private markets and alts can provide a viable alternative, said Kevin Newbert, a financial advisor with Ausperity Private Wealth in Moorestown, New Jersey. Private investments offer a less correlated exposure, the potential for greater tax efficiency and better alignment with long-term priorities such as liquidity planning, generational wealth transfer and preparing for a future business transition, he said.

"I believe access to private markets will expand considerably," he said. "As platforms improve and minimums decrease, more investors will demand these strategies. Our role is to ensure alternatives are not just accessible, but strategically incorporated to advance the client's long-term objectives."